

The Paradoxical Effect of Drive Factors on Social Entrepreneurship Sustainability



Hema Priya M, Venkatesh R

Abstract: *In today's world of wealth centered and technology driven human population, the dawning era of social entrepreneurship acts as an inception agent in finding solutions to nearly all the pivotal and despairing social, environmental and cultural problems prevailing in the society. Throughout history researches carried out on identifying the underlying factors motivating and supporting the evolution and sustainability of social entrepreneurship venture creation, has led to various constructive results. In an attempt to understand the triggering effect these social and entrepreneurial drive factors possess upon an individual's social entrepreneurship intentions; it was observed that the paradoxical effect of the coexistence of the social and entrepreneurial drive factors on the sustainability of social entrepreneurship has received less attention. Seeking to scrutinize that gap in the literature, this paper aims at identifying the level of inclination social entrepreneurs exhibit towards the social and entrepreneurial drive factors in the process of social entrepreneurship venture creation and the degree of contribution these factors have towards the sustainability of those social ventures from in-person, structured interviews with social entrepreneurs across various fields of operations in Tamil Nadu. This paper follows multivariate analysis techniques for testing the interdependency association amongst the measurement variables measured under entrepreneurial and social drive elements influencing social entrepreneurship. The empirical findings of the paper show that, the entrepreneurial drive factors receive relatively less importance in comparison to the social interests of the entrepreneur. Thus this paper concludes that paradoxical effect between the social and entrepreneurial drive factors have a negative impact on the sustainability of the social enterprises. The paper discussion traces on ways to offset that negative impact and improve sustainability of social enterprises.*

Keywords: *Social Entrepreneurship, Motivation, Influence, Drive Factors, Sustainability.*

I. INTRODUCTION

His rich and Ramadani (2017), states that "entrepreneurship is the process of creating something new with value by devoting the necessary time and effort while assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction" (p.4-5) [1].

The scope of entrepreneurship is generally limited to exploitation of available resources of all kind, hence seizing the opportunity for profit maximization in every way possible, with minimal or no consideration for social interests. Thus, entrepreneurship approaches focus primarily on wealth creation and aim to earn a sustainable profit for improved economic standard of living, compromising on the sustainability of the environment.

This brings about an imbalance in the socio-economic system, leading to the need for a shift of focus from creating sustainable profit to sustainable environment for living, giving rise to the concept of *social entrepreneurship*. Social entrepreneurship aims to create value for people by focusing on serving long-standing needs more effectively through innovation and creativity (Hisrich&Ramadani, 2017). It is the phenomenon of bringing about a positive change in the society by identifying social, cultural and environmental problems and employing entrepreneurial ideas, processes and strategies to resolve those problems. It is completely about defining a particular social problem and then developing, structuring and managing a social enterprise to achieve the desired change in the society. The critical difference is that focus of social entrepreneurship does not end with merely generating profit, but extends to measure the positive impact the business makes on the society, thus trying to bring about a balance in the socio-economic system. Considering the fact that, social entrepreneurship is a hot area with a lot new market entrants, and not much in the way of rules and government policies, the question for researchers is that, what is the best kind of motivation for the rapidly emerging social entrepreneurs. Keeping aside the *social drive factors*, primarily the community interest, research investigations show that, there are additional aspects like lifestyle, recognition for work, community network building, social status, self-sufficiency, and generating profits have a positive influence on social entrepreneurial intentions. This paper considers all the additional motives as one under the concept of *entrepreneurial drive factors* and discusses the degree of inclination the social entrepreneurs possess towards those factors and the social drive factors. Additionally, this paper also discusses the impact of those factors on the sustainability of the social enterprises. The underlying framework of the paper is given in Figure I.

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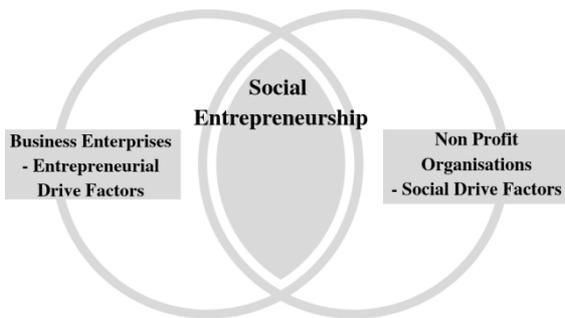


Figure I Social Entrepreneurship Overview

II. SOCIAL ENTREPRENEURSHIP

The definition of social entrepreneurship remains broad and unsettled, as the term is still unpracticed among the entrepreneurs, academicians as well as the audience. In general, the developing concept of social entrepreneurship definition involves individuals who are social, cultural, and/or environmental catalysts, and are driven to act on opportunities by deploying innovative processes combined with strategic management principles in the purview of generating profit. Social entrepreneurship is a multidimensional domain, which combines the passion of social mission with disciplines like entrepreneurship, psychology, economics, sociology, anthropology, and management and more. Social entrepreneurs have always been in existence, though we did not call them that, however, the identification is important because in that it implies a blurring of sector boundaries between non-profit organizations and social entrepreneurship ventures (Dees, 1998) [2]. Zahra, Gedajlovic, Neubaum, and Shulman (2009) mention in their work that social entrepreneurship encompasses the processes and activities that are undertaken to discover, define, and exploit opportunities in order to further improve social wealth by restructuring existing organisations in an innovative manner or creating new ventures [3]. Social entrepreneurship is viewed as a movement initialing with an idea which then caters plans and arranges actions beneficial for the society in large (Hardaningrum, 2015) [4]. A social entrepreneur sets up a venture with the specific mission to drive transformational social change, where profits are generated, though the primary aim is not to maximize monetary returns but to benefit low-income groups and to grow the social venture by reinvesting profits in itself, to reach and serve more people (Elkington & Hartigan 2008) [5]. Under the narrow purview, social entrepreneurship is most commonly viewed synonymous to non-profit organizations for its means and processes, although it should reflect as a substitute for business enterprises. Social entrepreneurs consider long-term social impact or change as the index of value creation, unlike neither profit generation for business enterprises nor short-term social good for NGO's. The dual mission to achieve financial sustainability and create social value by integrating innovation, strategies and business practices is a paradigm change that places social entrepreneurship in the intersection between a non-profit and a business enterprise.

III. DRIVE FACTORS AND SOCIAL ENTREPRENEURSHIP

In general terms, drive factors are a motivation agent which provides an individual a desire to act in certain ways or do

certain things. The social entrepreneurs look to exploit new opportunities to bring about changes in the society. Change represents the possibilities to create new value in areas that have been less explored and untapped by the wealth-driven entrepreneurs. Thus opportunity recognition is considered a key personal factor driving social entrepreneurship. According to push-pull theory of motivation, every motivation an individual possess, each action they perform, is driven by either the desire to achieve a certain result (pull) or the need to prevent an unwanted outcome (push). This in the purview of entrepreneurship forms the two sides of the entrepreneurial toss coin. In the context of social entrepreneurship, the pull theory states that individuals are attracted into social entrepreneurial activities in order to create social value, bring a socio-economic equilibrium, counter market failures of traditional or commercial entrepreneurship, achieve social profile status, independence, wealth, personal gain, social empowerment and more. In this paper we refer to these as the *entrepreneurial drives factors*. The push theory contends that negative external forces like social injustice, adverse social conditions, complex social needs, unsustainable business practices, and more push individuals into social entrepreneurial venture creation. These push factors are viewed as the *social drive factors* of social entrepreneurship in this paper. The social entrepreneurs view the charity or non-profit organizations as flawed models as they rely on an unsustainable funding model, which influences their intentions to develop a sustainable entrepreneurial venture for social cause. The social entrepreneurs view this as an alternative businessmodel to solve failures of commercial entrepreneurship, and yield benefits out of it. Orhan and Scott (2001) state in their work that most individuals choose to become entrepreneurs influenced primarily due to pull factors than the push factors [6]. On the contrary, social entrepreneurs are primarily influenced by push factors (social drive factors) than the pull factors (entrepreneurial drive factors), which is empirically proven in the following sections of this paper. The most widely discussed factors of entrepreneurial motivation for social entrepreneurship are lifestyle motives, personal fulfilment, ethical motives, moral responsibility, wealth creation, and a few others. Germak and Robinson (2014) states that, commitment to public interest and compassion to solve social issues certainly explain a significant portion of social entrepreneurship [7]. Although, the role and motive of a social entrepreneur is to help community development, it is considered equally important to address the personal needs of the entrepreneur to feel fulfilled. The sense of achievement keeps them motivated to continue their work. The background of the social entrepreneur like antecedents in the family with entrepreneurial experience, the dissatisfaction from previous job or commercial organization, also proved to possess an influential effect on the entrepreneurial intention. The personality influence of the individual possessing strong internal motivation to be a self-starter and play a role in trying to make a difference in the society enables entrepreneurial intentions.

IV. METHODOLOGY

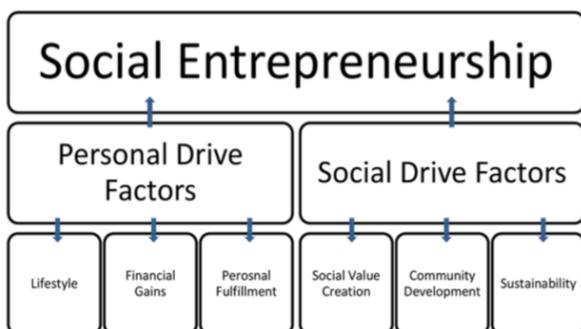
This section describes the research methodology used in this paper explaining the rationale behind the adapted methods for sampling, data collection, and data analysis. In order to gain insights on the primary objective of this paper, an exploratory-qualitative research approach had been followed, where data were collected and subjected to rigorous empirical analysis for satisfactory results.

A. Sampling Design

This paper has adapted to a finite *sample population* of social entrepreneurs who had ventured out firms or organisations with the motive to address social, cultural, and environmental problems while not compromising on the economic growth of the firm. The *sampling unit* considered for this study consists of sample population of social entrepreneurs belonging to the state of Tamil Nadu, India. The *sampling frame* was drawn from references through existing social entrepreneurs in Tamil Nadu. The paper follows *simple random sampling technique* for sample unit selection. A total of 45 *sample units* were recorded and used for analysis and interpretation.

B. Data Collection

The paper adopts a *structured questionnaire personal interview method* for primary data collection. The questions were adopted based on the extensive literature review from secondary data sources defining concepts of personality traits of social entrepreneurs, motivational factors influencing social entrepreneurship, characteristics of social entrepreneurs, entrepreneurial intentions of social entrepreneurs, and a few more related to the primary objective of this paper. The items and factors developed were iterated and arrived upon after a review and sample testing of the questions by 5 social entrepreneurs with years six or more years of experience in the field of social entrepreneurship. The reviewed questions were devised on a 5-point *likert scale* measurement of 19 items pertaining to obtain measures on 6 factors indicating the perceptions of social entrepreneurs on their entrepreneurial and social desire elements acting as catalysts for social



entrepreneurship intentions, thus following a second order construct module of data observation and measurement as shown in Figure II.

Figure II Conceptual Framework

V. PROCESSING, VALIDATION AND ANALYSIS

This chapter explains on the various methods used in the paper for data processing, validating, analysis, and reporting the results. The data collected from 45 social entrepreneurs

were loaded into SPSS Statistics Tool for processing, validation, analysis, and reporting.

A. Processing and Coding

The data gathered from 45 respondents were tested for errors and null items identification manually. As a matter of fact, this careful scrutiny led to results that data collected were accurate, consistent, and uniformly entered to facilitate coding and analysis on them. *Coding* was done to assign numerals to answer responses to the demographic details of the respondents such as gender, age, years of experience in the field of social entrepreneurship, which were collected in nominal and ordinal measurement scales.

B. Validation

The internal consistency or *reliability* of the items in the dataset construct was assessed by observing the value of *Cronbach's Alpha* in SPSS Statistics Tool. As this paper is focused as a preliminary research into social entrepreneurship, the Cronbach's α value of 0.60 and above is considered to be reliable. The Table I shows the reliability test score for the items measured in this paper. *Validity* measures namely, face and content validities for the items in the construct were assessed by extant review of literature and obtaining independent reviews from experts.

Table I Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of times
.831	.826	19

C. Analysis

This paper aims to find the interdependency association amongst the 19 independent variables measured under entrepreneurial and social drive elements influencing social entrepreneurship, hence follows *multivariate analysis techniques* for testing. The variables are tested by performing *cluster analysis*, since the measurement inputs are metrics and there are no dependent variables involved in the measurement.

VI. FINDINGS

A. Demographic Profile

The frequency distribution of gender, age and years of experience of the social entrepreneurs are furnished in Table II, which are considered to have an impact on the entrepreneurial and social drive factors influencing social entrepreneurship venture creation and impacting the sustainability of social ventures.

B. Demographic Frequency Table

The gender distribution shows a positive sign of growing numbers of women entrepreneurs involving in social entrepreneurship. The age distribution highlights that the social entrepreneurs predominantly fall under the age band of 21-30 years.

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The years of experience figures indicates that, many of the social ventures are into operation by less than 5 years. These numbers indicate the growing culture of social entrepreneurship in Tamil Nadu.

Table II Demographic frequency table

	Frequency	Percent	Valid Percent	Cumulative Percent
Gender				
Female	14	31.1	31.1	31.1
Male	31	68.9	69.9	100.0
Total	45	100.0	100.0	
Age				
21-30 yrs	31	68.9	68.9	68.9
31-40 yrs	7	15.6	15.6	84.4
41-50yrs	6	13.3	13.3	97.8
51-60 yrs	1	2.2	2.2	100.0
Total	45	100.0	100.0	
Years of Experience				
0-5 yrs	31	68.9	68.9	68.9
6-10 yrs	6	13.3	13.3	82.2
11-15 yrs	4	8.9	8.9	91.1
16-20 yrs	1	2.2	2.2	93.3
21+ yrs	3	6.7	6.7	100.0
Total	45	100.0	100.0	

C. Descriptive Statistics of the Variables

The arithmetic mean and standard deviation of the 19 measured variable items are given in Table III. These numbers indicate the level of agreement or disagreement the social entrepreneurs hold true to the measurement variables according to individual perceptions. The mean value of variables shows that social entrepreneurs had recorded degree of agreement to most of the social aspects in the questionnaire, whereas the mean value for entrepreneurial aspects shows neutral consent among the social entrepreneurs. The standard deviation scores show that high deviation in recordings are seen for questions involving the entrepreneurial factors of influence for social entrepreneurship. This clearly confines that significance for entrepreneurial factor elements are of varying degree of influence among the social entrepreneurs impacting the underlying entrepreneurial motives for sustainability and profitability of the social ventures.

Table III Descriptive Statistics of the Variables

Variables	Mean	Std. Deviation	N
Aspiration to solve issue of social nature	4.33	.879	45

Address the local community needs	4.18	.834	45
Become a social change agent	4.42	.812	45
Seek to influence others for social work	4.13	.919	45
Social value creation comes before personal wealth creation	4.07	.963	45
Foster social innovation processes	4.00	.853	45
Social value creation using business processes	3.60	1.136	45
Create environmentally sustainable business models	4.27	.751	45
Need for personal achievement	3.64	1.209	45
Desire for contentment from social work	4.04	.999	45
Sustainable business model is the emerging trend	3.64	1.048	45
Capitalise on the social work	3.36	1.334	45
Recognition and acknowledgement for social work	3.51	1.325	45
To achieve a social profile status	3.18	1.353	45
To counter market failures of traditional entrepreneurship	3.47	1.100	45
Influence or control political outcomes	3.44	1.119	45
Become appreciative and inspirational leadership role model in the society	4.00	1.148	45
Achieve social justice and empowerment	4.44	.755	45
Build community networking	4.44	.841	45

D. Cluster Analysis

The method of clustering followed in this work is *hierarchical* method, and the *dendrogram* is the main graphical representation tool for getting insight into a cluster solution. It is suggested to standardize the items before data proceeding. The result of cluster analysis gave away 2 clusters as given in Table IV, based on the relative distance within groups as shown in Figure III.

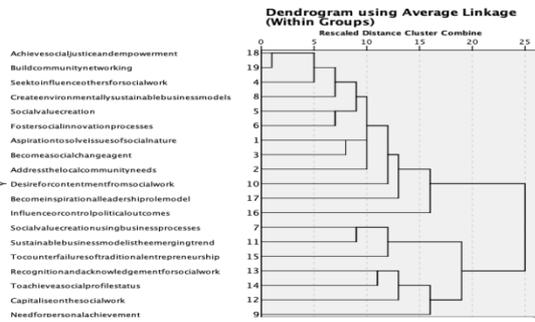


Figure III SPSS Cluster Analysis Output

According to the primary aim of this paper the cluster groups formed represent the significance given by the entrepreneurs on the measured entrepreneurial and social influential factors. For analysis purpose the cluster groups are viewed as cluster A representing the factors given higher importance and the cluster B representing factors given less attention in the purview of the social entrepreneurs. Cluster B depicts the underlying concept of this paper, which shows that social entrepreneurs possess less orientation towards entrepreneurial aspects of social entrepreneurship, which involves the entrepreneurial facets for long term sustainability of the social ventures. The analysis result shows that to capitalize on the social work is given very less inclination which ultimately leads to the challenge of sustainability of the social enterprises.

Table IV Cluster Groups

Cluster A	Cluster B
<ul style="list-style-type: none"> Aspiration to solve issues of social nature Address the local community needs Become a social change agent Seek to influence others for social work Social value creation comes before personal wealth creation Foster social innovation processes Create environmentally sustainable business models Need for personal achievement Desire for contentment from social work Become appreciative and inspirational leadership role model in the society Build community networking Influence or control political outcomes 	<ul style="list-style-type: none"> Social value creation using business processes Sustainable business model is the emerging trend Capitalise on the social work To counter market failures of traditional entrepreneurship To achieve a social profile status Achieve social justice and empowerment Recognition and acknowledgement for social work

VII. CONCLUSION

The findings from cluster analysis show that there are certain entrepreneurial factors which receive less attention and lead to the low profit model of social entrepreneurship ventures. The following suggestions or implications address

ways in which such factors shall be improvised to provide better sustainability.

- Social value creation using business processes:* Social entrepreneurs should understand that social value creation happens as a parallel outcome or a by-product in the business process of social entrepreneurship. Thus, they should instill innovative methods and strategies to adapt and implement business skills and methods to create products or services which would result in social value creation.
- Sustainable business model is the emerging trend:* It is acknowledged and proposed even by the WHO that sustainable business practices are the scope for better human life in future. The government approved CSR practices are a part of this initiative. Thus, social entrepreneurs should be proactive in seizing such opportunities, tap and build new markets to make a fortune using sustainable business practices as well as products.
- Capitalize on the social work:* Social entrepreneurs consider that social value creators should not be side tracked by the profit aspects of the business model. In reality, monetary resources are equally a necessity and a must along with other resources to address any social, environmental or other causes. Also, that is the essential attribute that sets apart social entrepreneurship from non-profit business models, which are run to address the social issues with no profit or revenue generation aspect. Thus social entrepreneurs should understand that for social enterprises to make profit out of the business process they involve in is primarily to promise a long term run of the organization to adequately address the social needs.
- To counter market failures of traditional entrepreneurship:* It is also seen that Social entrepreneurs have their primary focus targeting to find community problems to address whereas they fail to understand that market failures of traditional entrepreneurship are also part of community needs which requires remedial measures, which blind spots them from realizing many opportunities in the market. As traditional entrepreneurship has failed to address such community issues, it is evident that social entrepreneurship has a potential chance to win there and make it successful.
- To achieve a social profile status:* The Social entrepreneurs also consider it to be an unethical practice to exploit this entrepreneurship opportunity to achieve social status in the society. On a positive side, the social entrepreneurs shall take it as the path to endorse their products or services and empower more people to follow their principles and noble ideas to involve in the social dimension of social entrepreneurship. It is merely a quality way of increasing the community engagement towards the social enterprise which shall benefit the both in multiple ways.
- Achieve social justice and empowerment:* It is necessary for social entrepreneurs to concentrate on empowering people, equip them with the knowledge and resources they require, to learn and practice in ways to self-

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sufficiently address their local needs and issues. In this way, the social justice is achieved.

- *Recognition and acknowledgement for social work:* Concentration on awards and rewards for their social involvement not only does get fame and popularity for the social entrepreneur but to the social enterprise and its noble works as well. Thus, recognitions are to be viewed positively as extrinsic motivating factors for the social entrepreneurs, in receiving global attention attracting investors, stakeholders, shareholders, and other necessary resources for the successful operation of the organization.

It shall be seen that all the above discussed factors do play a major role in motivating and involving the business aspect of social enterprises to evolve more. These factors needs to be viewed and addressed as positive factors impacting the sustainability of social entrepreneurship than to be seen as the factors imposing a negative shade on to the entrepreneurial side of the Social entrepreneurs. The profit model is a part of social entrepreneurship unlike any non-profit organization working for the social vision and mission only. Thus, this paper has identified the factors impacting the sustainability of the social entrepreneurship ventures, and has directed ways to utilize its utmost potential to negate and offset any negative effect possible, so as to achieve the commercial as well social sustainability for the ventures.

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